

STATE OF CALIFORNIA

Minutes of the Meeting of the
State Lands Commission
Sacramento, California

APPEARANCES

Present: Kenneth Cory, State Controller, Chairman
Roy M. Bell, Director of Finance, Commissioner
Richard Thompson, Legal Advisor to the Lieutenant
Governor, alternate for Mervyn M. Dymally,
Lieutenant Governor
Keith Seegmiller, Assistant Controller,
alternate for Kenneth Cory, State Controller

Staff Members in Attendance:
William F. Northrop, Executive Officer
R. S. Golden, Assistant Executive Officer
Robert C. Hight, Staff Counsel
James F. Trout, Manager, Land Operations
W. M. Thompson, Manager, Long Beach Operations
D. J. Everitts, Manager, Energy and Mineral
Resources Development
Diane Jones, Secretary

Representing the Office of the Attorney General:
N. Gregory Taylor, Assistant Attorney General

Representing the Law Firm of Lobel, Novins & Lamont:
William J. Lamont, attorney

Re Minute Item 21 - Extension of Deferment to Process the
Filed Application for Public Agency Permit;
Truckee-Donner Public Utility District
Steve Gruner, General Counsel representing
Truckee-Donner Public Utility District
Harold Christian, representing Donner Lake Plug
the Pipeline Committee
Marge Adkerson, representing Donner Lake Plug
the Pipeline Committee
Dan Cook, District Engineer representing
Truckee-Donner Public Utility District
Adolph Moskovitz, attorney representing Dart
Resorts
Pat Sutton, member, Board of Directors,
Truckee-Donner Public Utility District

Re Minute Item 34 - Mariculture Research Agreement;
California Marine Associates and
Atlantic Richfield Corporation

Hugh Staddon, representing California Marine
Associates
Paul Sucato, representing Atlantic Richfield
Corporation

Re Minute Item 36 - Authorization of Suit for Ejectment and
Collection of Rentals; Eugene D. and
Charlotte F. Shea

Eugene D. Shea, in pro per

Re Minute Item 44 - Petition for Reconsideration and/or Repeal
of Amendments to Regulations of the State
Lands Commission in 2 Cal. Adm. Code,
Article 2, Adopted April 28, 1976 --
Volumetric Rental Alternative

David Destino of the law firm of McCutchen,
Black, Verleger & Shea, representing Western
Oil and Gas Association
Robert Leichtner of the law firm of McCutchen,
Doyle, Brown & Enersen, representing Pacific
Refining Company

MINUTES OF THE STATE LANDS COMMISSION
MEETING OF
MAY 27, 1976

Acting Chairman Roy Bell called the regular meeting of the State Lands Commission to order at 10:05 a.m. The other members present when the meeting convened included Richard Thompson, alternate for Mervyn M. Dymally, Lieutenant Governor; and Keith Seegmiller, alternate for Kenneth Cory, State Controller, who indicated he would not participate in the voting.*

The minutes of the meeting of April 26, 1976, were approved as written.

EXECUTIVE OFFICER'S REPORT

Before beginning his report, Mr. William F. Northrop, Executive Officer, advised the Commission that Calendar Items 19, 22, 25, 26 and 33 were pulled from the Calendar.

Among the items discussed, Mr. Northrop reported that Williams Brothers Engineering Company had contacted the Division and requested permission to take core samples from the California side of the Colorado River. He explained that Williams Brothers is doing field work for Dames & Moore, the firm which is preparing engineering plans and environmental documents for the SOHIO Pipeline Project. Because of the importance of the project and the short time notice given, Mr. Northrop requested that the Commission grant him permission to approve the project at this time. It will then be brought before the Commission for ratification. Mr. N. Gregory Taylor, Assistant Attorney General, stated that he had no objection since it was a minor project. The Commission granted permission for Mr. Northrop to approve the project. Mr. Northrop's written statement is attached as Exhibit "A".

REPORT BY WILLIAM J. LAMONT

Mr. William J. Lamont, representing the law firm of Lobel, Novans & Lamont, reported on the FEA hearings scheduled for the first part of June concerning the Third Stage of Implementation of the Energy Policy and Conservation Act. He stated that he has asked for time at both the national hearing in Washington, D.C. and the Los Angeles hearing, the latter scheduled for June 8. Mr. Lamont explained that the Commission has been asked again to reevaluate the effect on production of the possible proposals which will be forthcoming from this Third Stage Hearing.

Attachment: Exhibit "A"

*NOTE: Chairman Kenneth Cory arrived during consideration of Calendar Item 21 and assumed the Chairmanship during consideration of Calendar Items 22 through 36. The Commission then considered Calendar Item 44 out of order, after which Chairman Cory left the meeting. The Chair was then returned to Commissioner Bell.

EXHIBIT "A"
EXECUTIVE OFFICER'S REPORT
BY
WILLIAM F. NORTHROP

BRANDT, SHARP & WITHERSPOON STUDY

THROUGH EFFORTS OF THE STAFF, F.E.A. GRANT FUNDS IN THE AMOUNT OF \$110,806 WERE OBTAINED FROM THE STATE ENERGY RESOURCES CONSERVATION AND DEVELOPMENT COMMISSION TO CONDUCT STUDIES TO INVESTIGATE AND INVENTORY ENERGY RESOURCES LOCATED ON STATE LANDS. UPON AUTHORITY OF THE STATE LANDS COMMISSION, THE DIVISION ENTERED INTO AN INTERAGENCY AGREEMENT WITH THE ENERGY COMMISSION ON AUGUST 27, 1975, TO PERFORM THE FOLLOWING STUDIES:

1. TO DEVELOP PROPOSED REGULATIONS FOR CALIFORNIA DEEP WATER OFFSHORE DRILLING OPERATIONS.
2. TO ASSESS THE OIL AND GAS RESOURCES ON CALIFORNIA OFFSHORE LANDS AND SAN PABLO BAY.
3. TO DEVELOP EQUIPMENT AND TECHNIQUES FOR MEASURING HEAT FLOW IN THE SEDIMENT AND WATER COLUMN OF WATER BODIES ON STATE LANDS TO EVALUATE THEIR GEOTHERMAL POTENTIAL.

TODAY, I WOULD LIKE TO REPORT ON ITEM 1, THE PROPOSED REGULATIONS FOR CALIFORNIA DEEP WATER OFFSHORE DRILLING OPERATIONS, AS THIS STUDY HAS BEEN COMPLETED. THE OTHER TWO STUDIES ARE IN VARIOUS STAGES OF COMPLETION AND WILL BE REPORTED ON AT A LATER MEETING;

AS YOU KNOW, THE PRESENT DRILLING PROCEDURES OF THE STATE LANDS COMMISSION SPECIFICALLY COVER OPERATIONS FROM FIXED PLATFORMS AND ISLAND STRUCTURES EXISTING ON STATE LEASES. TO FURTHER EXPLORE AND DEVELOP EXISTING LEASES, AS WELL AS OTHER STATE OFFSHORE LANDS, IT IS RECOGNIZED THAT DRILLING OPERATIONS WOULD BE CONDUCTED FROM DRILL VESSELS OR JACK-UP TYPE DRILLING PLATFORMS, COMMONLY CALLED "FLOATERS". ALTHOUGH MOST OF THE REQUIREMENTS CONTAINED IN THE EXISTING DRILLING PROCEDURES WOULD APPLY TO FLOATING DRILLING OPERATIONS, THERE ARE PROCEDURAL AREAS AND SPECIFICS TO THESE TYPES OF OPERATIONS NOT PRESENTLY COVERED.

THE STUDY WAS A JOINT EFFORT BY STAFF AND CONSULTANTS, H. BRANDT, R. C. SHARP AND P. A. WITHERSPOON. THE CONSULTANTS WERE RETAINED BY A \$15,000 CONTRACT APPROVED BY THE COMMISSION AND ISSUED IN OCTOBER, 1975. THE STUDY WAS COMPLETED IN MARCH, 1976, AND CONSISTS OF FOUR PARTS, NAMELY (1) TRAINING OF PERSONNEL OF OFFSHORE DRILLING, (2) BLOWOUT PREVENTION SYSTEMS FOR OFFSHORE DRILLING, (3) ADDITIONS TO EXISTING

REGULATIONS FOR DRILLING AND CASING PROGRAMS FOR OFFSHORE OPERATIONS, AND (4) A PROPOSAL FOR A WORKING CONFERENCE ON SAFETY REGULATIONS FOR DEEP WATER SUBSEA FACILITIES USED IN OIL AND GAS RECOVERY. THE PURPOSE OF THIS CONFERENCE WOULD BE TO DISCUSS THE OPERATION AND SAFETY ASPECTS OF SUBSEA PRODUCTION FACILITIES AND SYSTEMS AS TO PROVIDE AN UNDERSTANDING OF THE PROBLEMS ASSOCIATED WITH THESE OPERATIONS, AND IDENTIFY AREAS IN WHICH SAFETY STANDARDS SHOULD BE DEVELOPED.

AS TO THE DISPOSITION OF THIS STUDY, THE STAFF PROPOSES TO USE THE INFORMATION CONTAINED THEREIN, TO REVISE THE EXISTING DRILLING PROCEDURES TO PROVIDE THE NEEDED SPECIFIC COVERAGE FOR THE SAFE CONDUCT OF FLOATING DRILLING OPERATIONS.

SANTA BARBARA OFFICE

THE DIVISION MAINTAINS A SMALL OFFICE AND LABORATORY IN SANTA BARBARA. THIS SMALL WOOD FRAME HOUSE IS SOME 20 YEARS OLD AND IS LOCATED AT ONE END OF AN EXISTING SHOPPING CENTER. THE PROPERTY IS ZONED C-2, COMMERCIAL. IT IS A HIGH DEMAND AREA AND OFFERS THE ADDITIONAL ATTRACTION OF HAVING AN EXISTING WATER CONNECTION. NEW WATER HOOKUPS ARE PRESENTLY LIMITED IN SANTA BARBARA.

I HAVE ASKED THE STAFF TO EVALUATE THE CONTINUING NEED FOR THIS OFFICE FACILITY. STAFF WILL ALSO CONSIDER ALTERNATIVES FOR USE OF THE SITE. AMONG THESE IS THE POSSIBILITY THAT OFFICE

DEVELOPMENT PROPOSALS WOULD BE AN ATTRACTIVE APPROACH TO MEETING BOTH THE NEEDS OF THE STATE AND THOSE OF THE IMMEDIATE COMMUNITY.

A MORE DETAILED REPORT WILL BE PRESENTED LATER FOR YOUR CONSIDERATION.

TRESPASS LITIGATION

AFTER COMMISSION AUTHORIZATION, STAFF FILED SUIT AGAINST ALAMAR LANDING TO REQUIRE MR. ALAN LEWE, OWNER OF THE MARINA, TO COMPLY WITH COMMISSION LEASING REGULATIONS OR BE EJECTED FROM SOVEREIGN LANDS. THEREAFTER, MR. LEWE SOLD HIS MARINA TO MR. GARLEN R. MARQUARDSON. IN SETTLEMENT OF THE COMMISSION SUIT, MR. MARQUARDSON HAS NOW OBTAINED A LEASE, AND THE COMMISSION HAS RECEIVED BACK RENT IN THE AMOUNT OF \$2,867.40.

FEA MEETINGS

STAFF HAS REQUESTED TIME FOR A COMMISSION MEMBER TO APPEAR BEFORE THE FEDERAL ENERGY ADMINISTRATION NATIONAL HEARINGS ON THIRD STAGE OF IMPLEMENTATION OF THE ENERGY POLICY AND CONSERVATION ACT ON THE SUBJECT OF ADDITIONAL INCENTIVES OF DOMESTIC CRUDE OIL PRODUCTION. THIS MEETING WILL BE HELD IN LOS ANGELES ON JUNE 8 AND 9. WE HAVE ALSO TAKEN TIME AT THE NATIONAL MEETING IN WASHINGTON, D.C. ON JUNE 2 ON A LIKE PRESENTATION TO BE MADE BY COUNSEL.

WILLIAMS BROTHERS ENGINEERING COMPANY

WILLIAMS BROTHERS ENGINEERING COMPANY CONTACTED THE LAND TRANSACTIONS UNIT BY TELEPHONE ON MAY 18, 1976, AND REQUESTED PERMISSION TO TAKE THREE 5-INCH BY 30-FOOT CORE SAMPLES FROM THE CALIFORNIA SIDE OF THE BED OF THE COLORADO RIVER. WILLIAMS BROTHERS IS DOING FIELD WORK FOR DAMES & MOORE, WHO ARE PREPARING ENGINEERING PLANS AND ENVIRONMENTAL DOCUMENTS FOR THE SOHIO PIPELINE PROJECT. THE PROPOSED ALIGNMENT IS APPROXIMATELY ONE MILE SOUTH OF THE INTERSTATE 10 CROSSING OF THE COLORADO RIVER NEAR BLYTHE. THE INFORMATION GATHERED FROM THE CORE SAMPLES WILL BE USED IN PREPARATION OF ENGINEERING PLANS AND ENVIRONMENTAL DOCUMENTS. WILLIAMS BROTHERS HAS MADE ARRANGEMENTS WITH THE COAST GUARD FOR CORE SAMPLES TO BE TAKEN EARLY IN JUNE, AND NOTICE TO MARINERS HAS ALREADY BEEN GIVEN.

ORDINARILY THIS PROJECT WOULD BE HANDLED BY LEASE BUT BECAUSE OF THE SHORT TIME NOTICE WAS GIVEN, AND THE ENVIRONMENTAL DATA COLLECTION NATURE OF THE PROJECT, IT IS RECOMMENDED THAT THE PROJECT BE ALLOWED TO PROCEED AT THIS TIME. DATA COLLECTED WILL BE MADE AVAILABLE TO THE COMMISSION. WILLIAMS BROTHERS HAS AGREED TO APPLY FOR A PERMIT.

RECORD OF ACTION TAKEN BY THE
STATE LANDS COMMISSION
AT ITS MEETING OF MAY 27, 1976

During the meeting, the recommendations of the staff relative to Calendar Items C1, C2, C3, C4, C5, C6, C7, C8, C9, C10, C11, C12, C13, C14, C15, C16, C17, C18, 20, 23, 24, 27, 28, 29, 30, 31, 32, 35, 37, 38, 41, and 42 were adopted as resolutions of the Commission by unanimous vote.

Commission action on Calendar Items 21, 34, 36 and 44 are set forth on pages 670-675; 707-711; 714-716; 734-741.

Calendar Items 19, 22, 25, 26 and 33 were pulled from the Calendar agenda.

Calendar Items 39, 40 and 43 were informative only, no action thereon being necessary.